

**EIGHTY-FIFTH GENERAL ASSEMBLY
2013 REGULAR SESSION
DAILY
SENATE CLIP SHEET**

MARCH 25, 2013

SENATE FILE 297

S-3055

1 Amend Senate File 297 as follows:

2 1. Page 1, by striking lines 5 through 10 and
3 inserting:

4 <c. The authority shall not enter into a contract
5 for services, including a contract executed pursuant
6 to subsection 2, paragraph "d", that exceeds ~~two~~ three
7 years in duration.>

8 2. By renumbering as necessary.

By WILLIAM A. DOTZLER

S-3055 FILED MARCH 21, 2013

S-3054

1 Amend Senate File 416 as follows:

2 1. Page 1, by striking lines 25 through 33 and
3 inserting:

4 <Sec. _____. Section 331.441, subsection 2, paragraph
5 b, subparagraph (5), Code 2013, is amended to read as
6 follows:

7 (5) (a) Public buildings, including the site or
8 grounds ~~of~~, and the erection, equipment, remodeling, or
9 reconstruction of, and additions or extensions to the
10 buildings, and including the provision and maintenance
11 of juvenile detention or shelter care facilities, when
12 the ~~cost~~ principal amount of the bonds does not exceed
13 the following limits:

14 ~~(a)~~ (i) Six hundred thousand dollars in a county
15 having a population of twenty-five thousand or less.

16 ~~(b)~~ (ii) Seven hundred fifty thousand dollars in
17 a county having a population of more than twenty-five
18 thousand but not more than fifty thousand.

19 ~~(c)~~ (iii) Nine hundred thousand dollars in a
20 county having a population of more than fifty thousand
21 but not more than one hundred thousand.

22 ~~(d)~~ (iv) One million two hundred thousand
23 dollars in a county having a population of more than
24 one hundred thousand but not more than two hundred
25 thousand.

26 ~~(e)~~ (v) One million five hundred thousand dollars
27 in a county having a population of more than two
28 hundred thousand.

29 (b) If the board in a county with a population of
30 two hundred thousand or less determines that at least
31 twenty-five percent of the building and grounds will be
32 used or occupied by the judicial branch as referenced
33 in section 602.1102 or if the board in a county with a
34 population of more than two hundred thousand determines
35 that at least fifty percent of the building and grounds
36 will be used or occupied by the judicial branch as
37 referenced in section 602.1102, the board may follow
38 the authorization procedures of section 331.443 when
39 the principal amount of the bonds does not exceed the
40 following limits:

41 (i) One million three hundred thousand dollars in
42 a county having a population of twenty-five thousand
43 or less.

44 (ii) One million six hundred thousand dollars in
45 a county having a population of more than twenty-five
46 thousand but not more than fifty thousand.

47 (iii) One million nine hundred thousand dollars
48 in a county having a population of more than fifty
49 thousand but not more than one hundred thousand.

50 (iv) Two million five hundred thousand dollars in

S-3054

1 a county having a population of more than one hundred
2 thousand but not more than two hundred thousand.
3 (v) Three million two hundred thousand dollars in
4 a county having a population of more than two hundred
5 thousand.>

6 2. Page 2, line 7, after <(5)> by inserting <_
7 subparagraph division (a) or (b), as applicable>

By JANET PETERSEN
CHARLES SCHNEIDER

Fiscal Note

Fiscal Services Division



SF 367 – Food Bank Tax Credits and Appropriations (LSB 2205SV)

Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.iowa.gov)

Fiscal Note Version – New

Description

Senate File 367 creates a new tax credit for qualified food commodity donations to Iowa food banks and similar organizations. To qualify for the tax credit, the food commodity must be intended for human consumption and donated by its producer. The food must be donated to a qualified food bank or an emergency feeding organization. Qualified food commodities include, but are not limited to, milk, eggs, vegetables, fruits, nuts, syrup, honey, dairy products, meat, and poultry products.

The tax credit is first available for tax year 2014 and each tax year is equal to the lesser of 15.0% of the value of the qualified food commodity donated, or \$5,000. The tax credit is not refundable, but any unused credit may be carried forward for up to five additional tax years. Any donation value that is claimed for the purpose of the tax credit is not allowed as an itemized deduction for state income tax purposes.

Beginning FY 2014, this Bill also creates an annual \$2.0 million standing appropriation to the Department of Human Services (DHS) to support an Iowa-Food link to Food-Bank Initiative.

Assumptions

Based on discussions with food banks and other organizations that qualify under this Bill, and using fruit and vegetable prices provided by the U.S. Department of Agriculture, the Iowa Department of Revenue estimates that just over one million pounds of qualified food commodities will be donated to Iowa food bank organizations by Iowa producers each year, and those donations will have a value of \$2.3 million. Due to increases in donations and food inflation, this annual amount is assumed to increase 5.0% per year. For tax year 2014, the value of the tax credit, less the disallowed deduction value, is estimated to be \$230,000.

Based on the redemption pattern of other tax credits, it is projected that each year's food donations will be redeemed through tax returns in the following percentages:

• 56.6% - tax year of donation	• 8.0% - third tax year	• 3.6% - fifth tax year
• 24.5% - second tax year	• 4.8% - fourth tax year	• 2.5% - sixth tax year

Fiscal Impact

The net General Fund revenue reductions associated with redemption of the new food commodity donation tax credit are projected to be:

• FY 2015 = \$ -130,000	• FY 2018 = \$ -243,000
• FY 2016 = \$ -193,000	• FY 2019 = \$ -264,000
• FY 2017 = \$ -221,000	• FY 2020 = \$ -283,000

The General Fund impact in future fiscal years will be similar to FY 2020.

The appropriation in Section 5 of this Bill will increase General Fund appropriations by \$2.0 million per year. The appropriation will be utilized by the DHS to support the activities of Iowa food banks and similar organizations and purposes. The DHS will provide administration of the new program with existing staff.

Source

Department of Revenue

/s/ Holly M. Lyons

March 20, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



SF 409 – Economic Development Authority Tax Related Changes (LSB 1207SV)
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.iowa.gov)
Fiscal Note Version – New

Description

Senate File 409 relates to the operation of the Economic Development Authority (Authority).
The Bill:

- Allows the Authority to assess, collect, and retain fees from businesses and individuals seeking and receiving financial assistance through the Authority. The fee provisions of the Bill are effective on enactment and apply to agreements entered into on or after the effective date of this Bill. The new fee authority includes:
 - A fee for businesses and individuals that receive financial assistance from the Authority under Iowa Code chapters **15** and **15E**. The fee amount is to be determined by the Authority based on the Authority's cost of administering the programs.
 - A fee for use of the Authority's Immigrant Investor Regional Center.
 - A fee of \$500 due prior to the issuance of tax incentives under the High Quality Jobs and Enterprise Zone programs.
 - A fee equal to 0.5% of the value of tax incentives claimed under any High Quality Jobs or Enterprise Zone agreement where the agreement has an aggregate incentive value of \$100,000 or more.
- Allocates to the City Development Board any fees collected by the Board for applications and petitions submitted to the Board. The Board is to use the fees collected to reimburse the Authority for the administrative expenses associated with Board operations. Currently, if any fees are collected by the Board, they are deposited to the State General Fund. This provision is effective in FY 2014.
- Increases the annual aggregate cap on the total dollar volume of tax credits that may be awarded under several Authority tax credit programs from the current annual cap of \$120.0 million to a new cap of \$185.0 million. This provision is effective retroactively to include the FY 2013 cap.
- Permits tax credit awards that are declined by the receiving company within one fiscal year after the award is made may to be reawarded to other companies without impacting that year's tax credit cap. This provision is effective retroactively to include FY 2013 awards.
- Changes the tax credit allocation to the Brownfields/Grayfields Program from the current requirement of not more than \$5.0 million per fiscal year to a requirement of at least \$10.0 million per fiscal year. This provision is retroactively effective to include FY 2013.
- Alters annual tax credit cap allocations for the Qualifying Business and Community-Based Seed Capital Funds Investment Tax Credit (\$2.0 million per year) and the Innovation Fund Tax Credit (\$8.0 million per year). Current law requires the full amounts be allocated to these two programs. The change will allow a lesser amount to be allocated if the Authority determines demand is not sufficient. The provisions are effective retroactively for FY 2013.

Background

The City Development Board is created in Iowa Code section [368.9](#). The Board receives, reviews, and approves or dismisses petitions and applications for city incorporation, discontinuance, or boundary adjustment submitted to the Board by a city council, a county board of supervisors, a regional planning authority, or 5.0% of the registered voters of a city or territory involved in the proposal.

The Authority provides office space and staff assistance to the Board and the Authority is required to budget funds to cover expenses of the Board. The Board receives legal assistance provided by the Attorney General. The Board consists of five members appointed by the Governor subject to confirmation by the Senate.

Assumptions

1. With the annual aggregate tax credit cap raised from its current level of \$120.0 million to \$185.0 million effective in FY 2013, the Authority will approve projects in FY 2013 totaling \$185.0 million and will also award the full annual cap each succeeding fiscal year.
2. Based on a Department of Revenue analysis of the redemption of tax credits under previous awards, each fiscal year's additional \$65.0 million in tax credits will be redeemed over a 13-year period and the redemptions will total \$30.6 million (47.0% of the amount initially awarded and counted against the aggregate cap). Actual tax credit redemptions will not total the full \$65.0 million awarded due to:
 - Awards that are later declined.
 - Companies not meeting the requirements of the agreements, resulting in reduced tax credits earned.
 - Companies with insufficient tax liability to fully utilize the tax credits awarded.
3. The provision that allows the Authority to reaward tax credits that are declined before the end of the following fiscal year will result in an additional increase in annual awards of \$25.0 million, beginning in FY 2014. Redemptions of each additional year of annual awards will equal \$11.8 million over a 13-year period (47.0% of the amount awarded). This provision will first allow tax credit reawards in FY 2014.
4. Based on assumptions one through three above, the Authority will award \$185.0 million in tax credits for FY 2013 and \$205.0 million for future fiscal years. The fee assumption is based on the same 13-year pattern of award redemption and the assumption that 47.0% of awards are actually redeemed. The estimate includes an assumed \$30,000 each year, beginning in FY 2014, for the \$500 in preaward fee, the Iowa Code chapter [15](#) and [15E](#) assistance fee and the Immigrant Investor Regional Center fee.
5. The City Development Board operation costs equal approximately \$60,000 per year. The fiscal impact assumes \$36,000 of that amount (60.0%) will be recovered each year through fees charged to local governments and others filing petitions and applications with the Board.

Fiscal Impact

[Senate File 409](#) has two separate fiscal impacts. The first impact relates to fees charged by the Authority and the City Development Board. The second impacts the State General Fund by increasing the future redemption of business incentive tax credits.

Increased fee revenue, impacting the Authority:

Increased Fee Revenue				
	0.5% Tax Credit Redemption Fee	Other Financial Assistance Fees	City Development Board Fees	Fee Increase Total
FY 2014	\$ 26,000	\$ 30,000	\$ 36,000	\$ 92,000
FY 2015	52,000	30,000	36,000	118,000
FY 2016	127,000	30,000	36,000	193,000
FY 2017	223,000	30,000	36,000	289,000
FY 2018	322,000	30,000	36,000	388,000
FY 2019	391,000	30,000	36,000	457,000
FY 2020	436,000	30,000	36,000	502,000

Increased tax credit redemptions, impacting the State General Fund:

Net General Fund Revenue Impact of Aggregate Tax Credit Cap Changes - in Millions of Dollars			
	Change in General Fund Revenue		Change in General Fund Revenue
FY 2014	\$ -0.8	FY 2021	\$ -38.2
FY 2015	-2.9	FY 2022	-39.2
FY 2016	-6.6	FY 2023	-39.9
FY 2017	-10.8	FY 2024	-40.7
FY 2018	-14.6	FY 2025	-41.4
FY 2019	-16.5	FY 2026	-42.1
FY 2020	-17.7	FY 2027	-42.3

Sources

Department of Revenue
Economic Development Authority

/s/ Holly M. Lyons

March 20, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



SF 418 – Confined Animal Feeding Operations (LSB 1480SV)
Analyst: Adam Broich (Phone: (515) 281-8223) (adam.broich@legis.iowa.gov)
Fiscal Note Version – New
Requested by Senator Seng

Description

[Senate File 418](#) amends the method for calculating animal unit capacity for the purposes of an election to become a small animal feeding operation. This Bill makes the following changes:

- Changes the determination of animal unit capacity to include only buildings that currently house animals when determining if an operation is a small animal feeding operation.
- Allows for animal feeding operations to elect to reclassify as a small animal feeding operation if they have fewer than 500 animal units. Small animal feeding operations are exempt from filing a manure management plan, and paying the associated annual compliance fee of 0.15 cents per animal unit.

Background

The Department of Natural Resources (DNR) is required to regulate confinement feeding operations (operations) under [Code chapter 459](#), the “Animal Agriculture Compliance Act”. Currently, animal unit capacity is determined by totaling the animal unit capacity of all buildings constructed as part of the operation. Once included in the animal unit calculation, a building must be abandoned, razed, or converted to another use to be removed from the animal unit calculation. Animal feeding operations exceeding 500 animal units are required to file a manure management plan and remit an annual compliance fee of 0.15 cents per animal unit to the DNR. Animal feeding operations below 500 animal units are classified as small animal feeding operations, and are exempt from the annual compliance fee.

Assumptions

The exact number of operations that may elect to become small animal feeding operations is unknown. However, the DNR expects few operations to elect to reclassify as small animal feeding operations.

Fiscal Impact

There is no General Fund impact. There may be a minimal reduction to the Animal Agricultural Compliance Fund, but it is not possible to predict the impact.

Sources

Department of Natural Resources
LSA Analysis

/s/ Holly M. Lyons

March 20, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



SF 421 – E911 Surcharge Equalization (LSB 1422SV)

Analyst: Jennifer Acton (Phone: (515) 281-7846) (jennifer.acton@legis.iowa.gov)

Fiscal Note Version – New

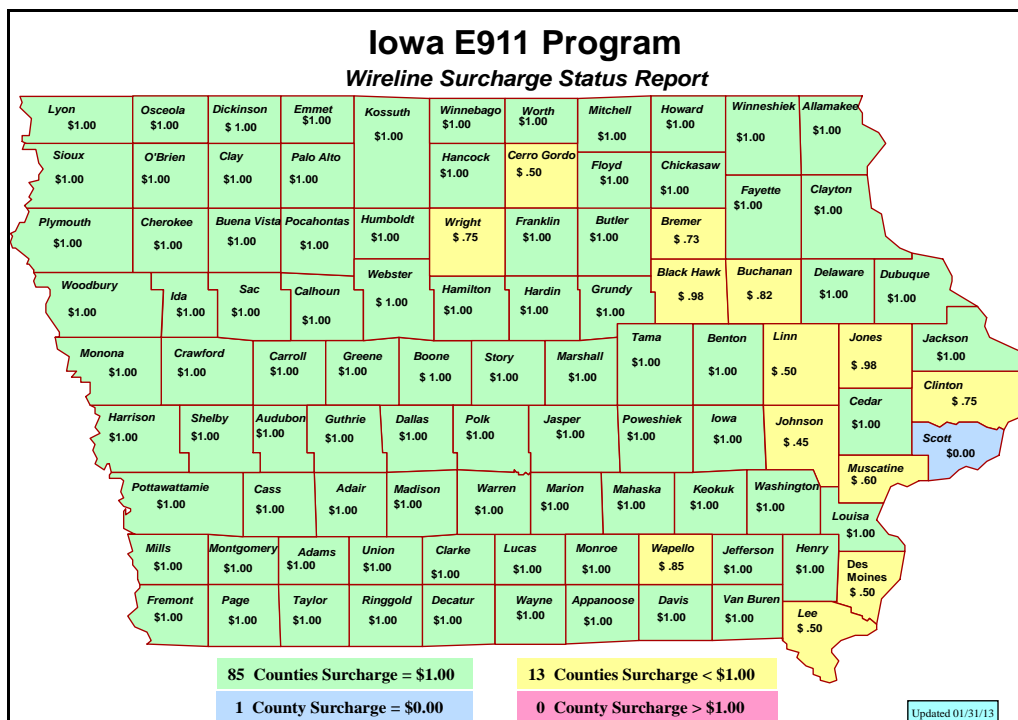
Description

Senate File 421 eliminates the existing voter referendum requirement regarding the imposition of the local wireline E911 service surcharge and the alternative surcharge applicable to wireline communications. The Bill imposes a \$1.00 surcharge for both the wireline and wireless E911 programs and reinstates the wireless carrier cost recovery for Phase 1 services. The Bill also requires the E911 Program Manager, in consultation with the E911 Communications Council, to establish methodology for the collection of data on all costs and expenses related to the operation of a public safety answering point (PSAP). The data collection will begin no later than January 1, 2014, with a report submitted to the General Assembly by March 1, 2016. Failure to submit expenses and costs by the county joint E911 service board will result in a \$0.35 penalty out of the \$1.00 surcharge.

Background

Wireline

Senate File 421 eliminates the voter referendum and the alternative surcharge on wireline services and increases the wireline surcharge paid per access line to \$1.00. As of January 31, 2013, 85 counties had a \$1.00 wireline surcharge. Thirteen counties had surcharges less than \$1.00, and one county charged nothing for the wireline surcharge (paid through county taxes). The following map shows the current surcharge in each county:



Money from the wireline surcharge is used for recurring and nonrecurring costs to the system. Nonrecurring costs include but are not limited to network equipment for the PSAPs, software, database, addressing, training, and other capital expenditures, including the purchase or lease of subscriber names, addresses, and telephone information from the local exchange provider. Recurring costs include but are not limited to network access fees and other telephone charges, software, equipment, database management, and maintenance, including the purchase or lease of subscriber names, addresses, and telephone information from the local exchange service provider. Recurring costs cannot be used for personnel. Personnel costs are paid from county or city funds, depending on the PSAP. There are currently 117 PSAPs.

Wireless

[Senate File 421](#) also increases the current \$0.65 wireless surcharge to \$1.00. Beginning January 1, 1999, the State implemented a \$0.50 wireless E911 surcharge. The surcharge rate was increased to \$0.65 effective July 1, 2004. The surcharge is collected by the wireless service providers and remitted to the State E911 Program, under the Homeland Security and Emergency Management Division, on a quarterly basis.

The current \$0.65 wireless surcharge per quarter distribution is as follows:

- \$62,500 for administration, including 2.0 FTE positions, an annual audit, and program operating costs.
- The actual amount for wireline transport costs for local telephone companies to reimburse for transporting the wireless E911 call from the selective router to the PSAP.
- The actual amount for automated location information costs for local carriers to provide Automatic Location Information (ALI) database services and selective routing.
- 46.0% of the total surcharge generated is distributed to the PSAPs based on the following formula: 65.0% based on the square mileage of the local 911 service area and 35.0% on the volume of wireless E911 calls received by the PSAPs.
- Any funds remaining are deposited in the Wireless Surcharge Carryover Fund to be used for network capacity increases, upgrades, and PSAP projects.

[Senate File 2332](#) (Enhanced 911 Emergency Communications Act), enacted by the 2012 General Assembly, eliminated wireless carrier cost recovery for Phase 1 expenses. Prior to this, 21.0% of the total amount of the surcharge generated per calendar quarter was allocated to wireless carriers to recover their costs to deliver E911 Phase 1 services (call-back number and tower location of the call). In the early 2000s, the Federal Communications Commission (FCC) stated there was no need for a government-mandated carrier cost recovery mechanism, noting that carriers are free to recover these costs in their charges to customers, either through their service rates or through specific surcharges on customer bills. However, the Commission emphasized that states are free to have a carrier cost recovery mechanism in place if they so choose.

Assumptions

- There are approximately 1,299,000 wireline subscribers in Iowa.
- There are approximately 2,256,000 wireless phone subscribers in Iowa.

Fiscal Impact

There is no impact to the State General Fund. The impact to local entities is as follows:

- Increasing the surcharge from \$0.65 to \$1.00 per calendar quarter is estimated to result in increased revenue of \$1.6 million per quarter, or \$6.4 million a year.
- Restoring the wireless carrier cost recovery provision for Phase 1 services at the \$1.00 surcharge rate would allocate 13.0% of revenues, or an estimated \$780,000 per quarter. This restores a similar amount previously allocated under the \$0.65 surcharge rate.

WIRELINE

The fiscal impact at the local level for additional wireline revenue is estimated to be additional revenue of \$3,456,000 per year in total for the 14 counties that are currently charging less than \$1.00 for the wireline surcharge.

WIRELESS

The following chart reflects the estimated fiscal impact of increasing the wireless surcharge from \$0.65 to \$1.00.

Current Law - \$0.65 wireless surcharge per quarter		Senate File 421 - \$1.00 wireless surcharge per quarter	
REVENUE	Estimated	REVENUE	Estimated
Surcharge Revenue	\$ 4,400,000	Surcharge Revenue	\$ 6,000,000
Funds for HSEMD to administer program	(62,500)	Funds for HSEMD to administer program	(62,500)
Interest	7,000	Interest	7,000
Expenditures	(250)	Expenditures	(250)
	<u>\$ 4,344,250</u>		<u>\$ 5,944,250</u>
PAYMENTS		PAYMENTS	
Wireline Transport Costs	\$ 300,000	Wireline Transport Costs	\$ 300,000
Automatic Location Info. (ALI) Costs	1,500,000	ALI/Transport	1,500,000
PSAPS (46%)	2,024,000	PSAPS (46%)	2,760,000
Total Payments	<u>\$ 3,824,000</u>	Carriers (13%)	780,000
		Total Payments	<u>\$ 5,340,000</u>
OVERALL SUMMARY		OVERALL SUMMARY	
Surcharge	\$ 4,344,250	Surcharge	\$ 5,944,250
Payments	(3,824,000)	Payments	(5,340,000)
Carryover	<u>\$ 520,250</u>	Carryover	<u>\$ 604,250</u>

Sources

Homeland Security and Emergency Management Division, E911 Program Manager
Iowa Utilities Board

/s/ Holly M. Lyons

March 20, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.